



CITY OF DURHAM, NORTH CAROLINA

Citizens' Financial Report

For the Fiscal Year ended June 30, 2015

Why Durham.

Food Trucks • Regional Specialty Restaurants • Farmer's Market • Eat Fresh, Eat Local • Vibrant Bar Scene • DPAC • Craft Beer and Culture • North Carolina Central University • Duke University • National Collegiate Basketball Champions • American Tobacco Campus • Golden Belt • Brightleaf Square • Central Park • Durham Bulls • Nasher Museum of Art • Black Wall Street • Food Truck Rodeos • Hayti Cultural Center • Music Scene • Full Frame Film Festival • Eno River • City of Medicine • American Dance Festival • Carolina Theatre • Eno Rock Quarry • Durham Arts Council • Entrepreneurial Community • Historic Stagville • Vibrant Urban Life • Civil Rights History Mural • CenterFest Arts Festival • American Tobacco Trail • Festival for the Eno • Erwin Mill • Bueller Trail • Duke Forest • Duke Gardens • Jordan Lake • Bull City • African American Dance Ensemble • Downtown Durham Inc • Convention & Visitors Bureau • Bennett Place • Duke Homestead • History Hub • Preservation Durham • Historic Durham Athletic Park • Center for Documentary Studies • West Point on the Eno • Beechwood Cemetery • Maplewood Cemetery • Museum of Life and Science • Downtown Loop • Warehouse District • Durham Hosiery Mill Former Royal Ice Cream Company • Durham County Courthouse • Duke Lemur Center • John Hope Franklin Research Center • Pauli Murray Project • North Carolina Collection • Charge Ahead Durham • Old Bull Building • Venable Center • Bull City Forward • Scrap Exchange

To City of Durham Residents:

WHY IS IT THAT SO MANY OF US LOVE DURHAM? Why is the Bull City not just another place to live, work, and play? What makes us proud to call Durham our home?

Is it the accolades? We certainly have those in abundance, ranging from ranking #11 on NerdWallet's 'Most Educated Large Cities' to #2 on Livability's 'Ten Best College Towns' to #14 on Thumbtack's 'Best City for Small Business in the U.S.,' along with too many more to list here.

Is it the Bull City Connector free bus service to our downtown restaurants, or is it our nearby shopping districts, museums, or historical sites? Is it the nationally ranked Durham Performing Arts Center, which hosts hundreds of events and performances every year, including one of the premier dance festivals in the world - the American Dance Festival?

Is it because we're home to a music scene that boasts a number of independent record labels, including Merge Records, and has produced multiple national acts over the past decade?

In my opinion, these achievements are driven by our shared mission to be a colorful, creative, and entrepreneurial community — primary reasons why Durham is considered one of the best places to live, work, and play. This shared mission, which we are achieving through our Strategic Plan, is one of the many things that gives Durham its sense of place — like no other city in our state.

But, in true Durham fashion, there are many other opinions and reasons as well. Included with this year's financial highlights are short articles written by Durham residents, who each have a different perspective about why we choose Durham. Among others, huge baseball fan and head of the Pauli Murray Project at Duke University Barbara Lau writes about the Durham Bulls. Photographer Derek Anderson writes about the reuse of old warehouses. Katie Spencer and Cindy Gardiner from the Museum of Durham History write about the History Hub, and Tom Whiteside writes about the Full Frame Documentary Film Festival. Taken together, they make it abundantly clear why we chose the theme for this year's report to be "Why Durham."

We care what you think so please share any questions, concerns, or recommendations. Thanks for being a part of why this community is our home.

Sincerely,



Thomas J. Bonfield
City Manager



City of Durham – Mission Statement

The City of Durham is dedicated to providing quality services to make Durham a great place to live, work, and play.

City of Durham – 2015 Mayor and City Council



Mayor William V. "Bill" Bell

Bottom row: left to right: Eugene A. Brown, Diane N. Catotti. Mayor Pro Tem Cora Cole-McFadden, Eddie Davis, Don Moffitt, and Steve Schewel



Why Durham.

The tobacco and textile industries left their imprint on Durham long ago, but now the historic brick mills and repurposed factories form the backdrop of North Carolina's re-energized Bull City. Artist studios and galleries have multiplied in the flourishing downtown, where new bakeries, pizzerias, tapas bars, and food trucks seem to surface at every turn. There are so many reasons why we love Durham.

The Financial Position of Durham

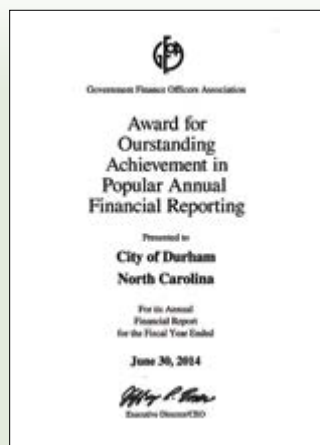
A city's finances are a lot like a famous Italian opera. Great opera is a beautiful, elaborate production put on by talented, dedicated professionals. It doesn't take a trained eye or ear to respect the effort and commitment it demands. But it's also in a foreign language, and it's full of traditions, customs, and unspoken rules most casual fans don't understand. So if you're like most of us, you can't tell an excellent opera from an average one, but you're willing to trust the connoisseur sitting next to you.

Financial health is a difficult subject because a city's finances are complex. The basic question, "Is the City financially healthy?" is really several questions wrapped into one: Did we collect all the money we expected to collect? Did we spend the amount that we expected to spend? Did we use dedicated resources for their intended purpose? How much of the money we will collect in the future is already claimed for future spending needs? There

are several financial documents that answer these questions; however, separating vital information from the non-essential details can be difficult.

The City of Durham's *Citizens' Financial Report* for the 2015 Fiscal Year is intended to present a condensed overview of the City's financial position and the details outlining how City revenues were generated and spent. Financial information in this report is derived from the independently audited financial statements that are part of the City of Durham's 2015 *Comprehensive Annual Financial Report*.

As a resident of Durham, you don't need to be an expert on your city's finances, but you should have your own opinion. After reading this year's report, you will be able to speak confidently about the city's overall financial health.



Finance and Budget Awards

Durham's *Comprehensive Annual Financial Report* (CAFR) has won the Government Finance Officers Association of the United States and Canada (GFOA) award for 30 consecutive years and Durham has received the GFOA award for Distinguished Budget Presentation for 27 consecutive years – proof our Finance and Budget Departments are repeatedly getting things right when it comes to financial planning, investments, and debt management. To earn these Certificates of Achievement, the City must annually publish an easily readable and efficiently organized budget and CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles (GAAP) and accepted legal requirements. In addition, Durham's *Citizens' Financial Report* has received 11 consecutive awards for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA. Durham is the only city in North Carolina to receive all three awards.

Financial Results

Annual Independent Financial Audit

North Carolina State Statutes require that an annual audit be performed by an independent certified public accountant. This annual audit relates to the City's *Comprehensive Annual Financial Report* (CAFR), and the purpose of the annual audit is to ensure that the City is complying with generally accepted accounting principles (GAAP). In addition to meeting statutory requirements, the audit also complies with the Federal Single Audit Act. As it has in previous years, this year's Independent Auditor's Report confirms that the City's financial statements "present fairly, in all material respects, the respective financial position" of the City of Durham. All financial information contained in the *Citizens' Financial Report* is derived from GAAP amounts in the CAFR; portions of the information in this report are taken from financial statements that are contained in the CAFR. For more detailed financial information, visit the City's website at www.durhamnc.gov.

General Fund

The General Fund is the City's primary operating fund, and accounts for the revenue and expenditures associated with operating traditional local governmental services such as police, fire, and parks and recreation. For FY 2014-15, total General Fund revenue was \$189.1 million. Property tax revenue was approximately \$95.6 million and provided approximately 50.5 percent of total General Fund revenue. Total General Fund expenditures were \$169.8 million. Public safety accounted for approximately \$82.1 million (48.4 percent) of total expenditures in the General Fund, down from \$83.3 million (50.7 percent) in the prior year. The charts on this page show the breakdown by percentage of General Fund revenue and expenditures.

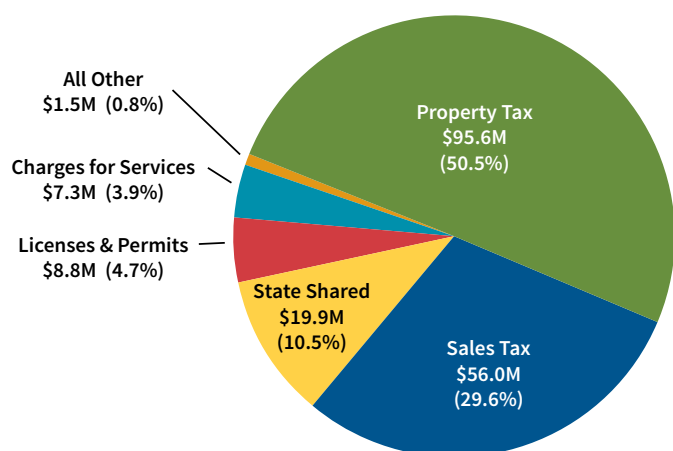
Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the City of Durham's finances in a manner similar to a private sector business. The statement of net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. During FY 2014-15, the City's net position increased by \$61.1 million. As of June 30, 2015 its assets exceeded its liabilities by \$1,185.9 million and at June 30, 2014 its assets exceeded its liabilities by \$1,124.8 million.

Interdependence with Other Entities

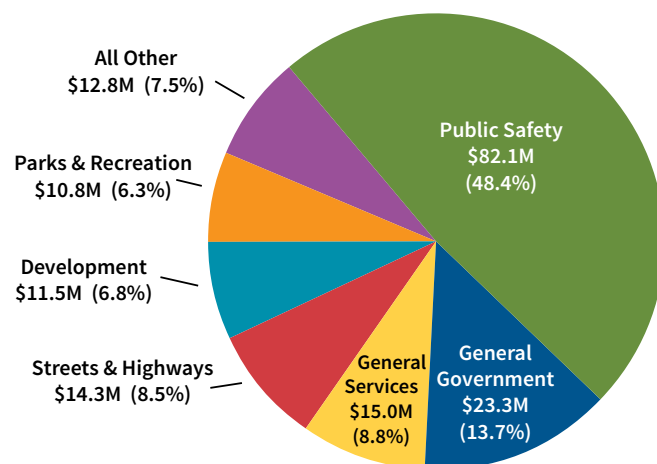
The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. treasury securities because of actions by foreign governments and other holders of publicly held U.S. treasury securities.

2015 General Fund Revenue



Total Revenue Equals \$189.1 Million

2015 General Fund Expenditures



Total Expenditures Equals \$169.8 Million

Why We Like the Durham Bulls *Barbara Lau, Pauli Murray Project Director*

The St. Louis Cardinals sparked my passion for baseball. It was the 1980s and they were spectacular. I was in Busch Stadium the night they won the 1982 World Series. Almost ten years later, graduate school at UNC brought me to North Carolina, but instead of Chapel Hill I chose to live in Durham; it felt more like where the grownups lived. And of course I started going to Durham Bulls games. I loved the team and the stadium and I loved the burritos. After two years, a job offer took me to Atlanta but I returned to Durham for good in 1998.

I chose Durham for many reasons. I wanted to live in a medium-sized city, urban but neighborly. I work in the humanities so having great cultural programs was a must. I needed my independence and wanted a housing market where I could purchase a home on a single income. I was traveling a lot for my business at that time so an easy-in, easy-out airport was also important. AND I wanted my new hometown to have a baseball team. Durham was a home run on all accounts.

I just like baseball. It's a game that requires humility and patience. Getting on base once in every three times at bat is considered a great hitting percentage. It's a game in which everyone plays both offense and defense and the players have to have all-around skills: throwing, hitting, running and fielding. And as a friend of mine used to say, "It's a game with no time limit, where they also serve beer." What could be better? In St. Louis I learned to keep score and I've continued that tradition—toting my scorebook to every Bulls game I attend.

In my life outside DBAP, I am a folklorist. I like the traditions of

baseball, the stories of lucky socks, the ritual of the seventh-inning stretch, and all of the sayings—pinch hitting, out in left field, and good guys finish last—that have their roots in the game. The Durham Bulls have their own folklore, the origin of the bullpen as the name of the place pitchers warm up and our more recent tradition of the snorting bull with red eyes that flash when one of our own hits a home run. The Durham Bulls are a legendary team and not just because of the fame they gained after the Susan Sarandon, Kevin Costner, Tim Robbins film was enshrined in sports history. We have been the training ground for many an amazing player.

This year the Bulls are having a terrible season. Could be the new manager, could be the ebb and flow of players in and players out, could just be the pendulum finally swinging back after so many winning seasons. Frankly I don't like it. But it doesn't change the fun of a warm summer night under the propeller fans in Section 207, charting the balls and strikes, hoping the next batter will stun us with an amazing line drive deep into right field or a high fly ball over the center field fence. It doesn't change the laughs with friends, the same friends who I have been going to games with for years or the warm conversations with someone who happens to be sitting near and wants to trade some perspectives on the game. I feel at home at the stadium. The guy hawking peanuts with his deep long call P-E-A-N-U-T-S. The local food and drink. The cutout adorning the wall in the women's restroom: Jackie Mitchell, the woman who struck out Babe Ruth and Lou Gehrig. The antics of Wool E. Bull. To me it's one of the best things about Durham and it makes me love living here.



Finding Love in Empty Warehouses *D.L. Anderson, Photographer*

The first night I spent in Durham was inside a former tobacco warehouse. It was 2005 and I was lying on my back, looking up at the lofty cement ceiling and wondering if moving halfway across the country to live with my sort of girlfriend would turn out well. The cement ceiling inside 217 Flowers had been painted white, but I could still see places where pipes had been cut in half and filled in during the process of converting the former Liggett & Myers cigarette manufacturing complex into the West Village Phase I apartments. Any scent of tobacco or mechanical evidence of its industrial past had been covered over in preparation for its new purpose; in this case, giving shelter to a 23-year-old budding photographer and former newspaper intern in search of the next career step, positive that it was somewhere else a little larger and more exciting. Durham was not the destination, it was a waypoint.

In the weeks that followed I watched sumo wrestling at a Bulls game and became lost in many a strange and beautiful book in the stacks of Lilly Library on Duke's East Campus; however, it was the sealed-off and silent portions of the other half of the L&M complex that sincerely piqued my interest. I soon found a way inside with Sara Lachemman, who worked for the developers of the West Village project (then Blue Devil Ventures). Early one morning we stepped through the doors of

the O'Brien warehouse and into a labyrinth of conveyor belts rising high into the cavernous space. At one end there was a hulking mass of machinery, built to shred tobacco leaves and thoroughly blend them across four different levels, eight rows at a time. I'll never forget the shimmering sound of its large metal tines as I brushed my hands across them, kicking up a hearty whiff of that fabled Bright Leaf blend.

Long dried remnants of tobacco covered every surface. Fine particles floated through the glowing morning light; little bits of cash crop confetti still stirring after the explosion of good fortune that transformed this sleepy railroad junction into an industrial powerhouse "renowned the world around." To thousands of workers who had raised families by sweating out their summers here, it was the smell of money. They were all gone now, but traces of their worker bee lives were everywhere. From hastily written numbers and notes next to a bright red phone to old UNC and Duke declarations of glory stuck to the inside of lockers and on coffee mugs still hanging in the break room. It was an incredible experience to walk through these once bustling spaces in silence. It felt like a dream, as if I was the only one left behind to roam through it all, suspended in time.

I printed up some photos as a thank you for the tour and pitched the



idea of being allowed to photograph inside again. The developers responded by giving me a hard hat and asking if I would be interested in photographing the entire renovation process. Soon I had my own set of keys and raced around the complex trying to capture the still spaces and quiet traces of lives that once filled the place before they were transformed and covered over with paint. This passion for preservation, however, did not extend to the personal relationship that brought me to the Bull City. But now I had a new reason to stay and moved into a rental house near campus, returning to the now bustling factory as often as I could to document the immense transformation underway.

Sifting through left behind business cards, I was able to contact and meet several former factory workers for coffee at Honey's. They helped reveal the mysterious workings of the place, like the "swamp cooler" on top of Chesterfield. They also shared wild stories about the work culture inside the self-sufficient city. "We made everything we needed," said Tom Newsom. "Hell, one guy even machined racing engine parts in the basement for the boss' stock car." This cavalier blue collar spirit was shared by the demolition and sandblasting crews now filling the factory spaces. I began to see them less as an

invading army disturbing my own quiet, fascinating world and more of a wild rolling circus bringing new life and use to a place left for somewhere else.

Six months turned into nearly two years and I found myself in the basement of the Cobb warehouse hearing a strange and unfamiliar sound: women laughing. As I tried to trace the source of this peculiar sound through the usual blend of whirling buzz saws, beeping backhoes, and men shouting in Spanish, there came a thunderous roar from the stairwell. One of the many carts once used to move bales of tobacco around, and now being used to shuttle detritus away, came crashing into view as the laughter grew louder. When the dust settled, I saw for the first time the woman who would eventually become my wife running after the cart with her co-worker. We acknowledged one another's presence with a quick smile and she moved on, taking the cart with her for yet another use as a large planter at SEEDS community garden. The expansive corridors of the sprawling L&M complex were eventually tamed and subdivided into beautiful residential and office spaces, ensuring that these ornate castles of Tobaccoland will continue to stand tall, inspire awe, and offer shelter to those looking for a new purpose.

Images courtesy of D.L. Anderson



Why Durham: City Hall and Annex Renovation Project

The City of Durham is not the same city it was in the 1970s, and Durham City Hall is not the same building it was when it first opened its doors in the mid-1970s, either. Over the past 40 years, interior atrium spaces have been filled in, the parking garage was converted to office space, and the interior has been completely renovated.

This year, City Hall and the Annex got facelifts. Much-needed repairs to the City Hall and Annex are now complete, resulting in a building that improves comfort inside for the public and employees, improves wayfinding for visitors, and creates a more visually appealing exterior. Careful thought was given to developing a timeless design. The City's General Services Department oversaw the almost year-long \$6.5 million renovation project. While the project was at times noisy, the end result made it well worth the short-term annoyance

of construction. New metal panels and energy efficient lighting have given a modern re-fresh for City Hall, which was originally constructed in 1975. In addition to addressing water infiltration issues and providing an improved air conditioning system for the building, the new exterior metal panels now create a more transparent façade, and new building signage will provide an easier-to-navigate exterior for visitors.

Now that the project is finished, we hope that residents come downtown and check out their improved City Hall. Our team worked diligently to deliver a building that will continue to serve our community for decades to come. City Hall is an important building, and by undertaking this renovation, we have improved this community asset and helped achieve one of our Strategic Plan goals.



DURHAM: By the Numbers

4TH

Durham is the Fourth
Largest City in the State

81ST

Largest City in the U.S.

254,412

2015 Population
of Durham

2,310

City of Durham
Employees

109.9

Durham Area
in Square Miles

TRANSPORTATION

\$70,000

Cost to pave one lane mile
of a street

BUILDING PERMITS

\$607

million
Commercial Valuations

\$364

million
Residential Valuations

4,009

Permits Issued

POLICE

5

Police Stations

512

Sworn Officers

PARKS & RECREATION

68

Parks

10

Recreation Centers

PUBLIC WORKS

733

Miles of Streets

20,984

Streetlights

FIRE

21,252

Emergency Calls

1,089

Fires Extinguished

WATER MANAGEMENT

86,026

Customers

1,368

Miles of Water Mains

Treasury Administration

Debt Management

There is much political discussion these days about government debt, government deficit, and the credit ratings of these governments. There is a distinction between debt and deficit. Debt is the facility by which capital projects are financed. A government's debt is the amount it owes to investors in total over a number of years. A government's deficit is the amount that a government's expenditures (including debt payments) exceed its revenue. Although the City's bonds create debt, they do not create a deficit as the City is required by law to pass a balanced budget annually.

Long-Term Financial Planning

The City actively monitors and manages its debt capacity. Evaluating the impact of new bond programs on future tax rates is an important element of debt management. A debt capacity report is presented to City Council (Council) as part of its annual retreat. The report is an essential management tool that helps provide a comprehensive assessment of the City's ability to issue debt for its capital needs.

The City maintains a multi-year financial plan that provides information to clearly identify the deficit faced at the beginning of the budget development process. This is a crucial component of planning for the future. This plan projects the financial impact of achieving the objectives in the strategic plan and helps to identify resources needed to fund those objectives.

Durham continues with its forward-looking capital budget, presenting a long-term Capital Improvement Program (CIP) to Council. The CIP is a statement of the City's policy regarding long-range physical development. It is vital to the City because it is the principal planning tool designed to achieve urban growth and development. This program is developed for a six year period and is updated and revised annually. To be included in the CIP, a project requires a total expenditure of at least \$100,000.

The FY 2016-2021 CIP is presented to the Council in a companion document to the FY 2015-16 annual budget. The capital improvement budget for 2016 includes \$87.9 million to complete existing projects and for new projects, including Water and Sewer and Stormwater enterprise projects. Funding for general government projects is provided through general obligation bonds (GOs), certificates of participation (COPs), limited obligation bonds (LOBs), general fund revenue, grants, impact fees, and program income. The FY 2016-2021 CIP process focused on prioritizing capital project needs and requirements. The CIP process was developed with the guidance of residents and the internal CIP Advisory Committee.

Credit Ratings

There are approximately 22,500 cities in the U.S. and currently Durham is one of fewer than 40 cities nationwide to receive the top level triple-A debt rating from all three major national rating agencies, Moody's, Standard & Poor's, and Fitch. This ranking makes the city one of the highest rated public entities in the country.

FY 2014-15 Debt Issuance

In January 2015 the City completed the negotiated sale of its General Obligation Refunding Bonds, Series 2015 (GO Bonds) and its Taxable Limited Obligation Refunding Bonds, Series 2015 (LOBs). The combined par amount of the two issues was \$81.0 million and resulted in over \$10.2 million of savings for the City. The GO Bonds were a tax-exempt issuance of \$50.8 million that refunded various existing bond issues that were sold in 2005, 2006, and 2008. The sale of the GO bonds resulted in Net Present Value (NPV) savings of \$4.7 million or 8.45 percent of the refunded bonds. The LOBs were a taxable issuance of \$30.2 million that refunded the original financing of the Durham Performing Arts Center (DPAC). The sale of the LOBs results in NPV savings of \$3.7 million or 13.95 percent of the refunded bonds. The annual savings on this transaction will average approximately \$250,000 within the DPAC fund and will significantly improve the overall performance of the enterprise fund.

At year end the City had \$423.4 million in outstanding debt compared to \$456.4 million in the prior fiscal year, a decrease of \$33.0 million (7.2 percent). The City's outstanding debt by function is displayed in the table on this page.

Outstanding Debt By Function Year Ended June 30, 2015 (Amounts in Millions)	
General Government	\$239.5
Water and Sewer	103.7
Performing Arts Center	31.4
Solid Waste	16.3
Ball Park	15.7
Parking	14.9
Transit	1.9
Total	\$423.4

General Obligation Debt Ratio

North Carolina state statutes limit general obligation outstanding debt to eight percent of a local government's assessed valuation for property tax purposes. As displayed in the table on this page, the City's GO debt that applies to the debt limit is \$192.7 million, which is 0.785 percent of assessed valuation, and is significantly less than the current calculated statutory debt limit of \$2.0 billion.

General Obligation Debt Ratio			
At June 30	Total GO Debt	Assessed Valuation	Total GO Debt to Assessed Valuation
2011	232,020,000	22,722,445,181	1.021%
2012	209,750,000	23,039,756,969	0.910%
2013	253,224,000	23,547,362,252	1.075%
2014	216,445,000	23,683,961,515	0.914%
2015	192,695,000	24,541,699,115	0.785%

North Carolina state statutes limit GO debt to eight percent of a local government's assessed valuation.

Definitions:

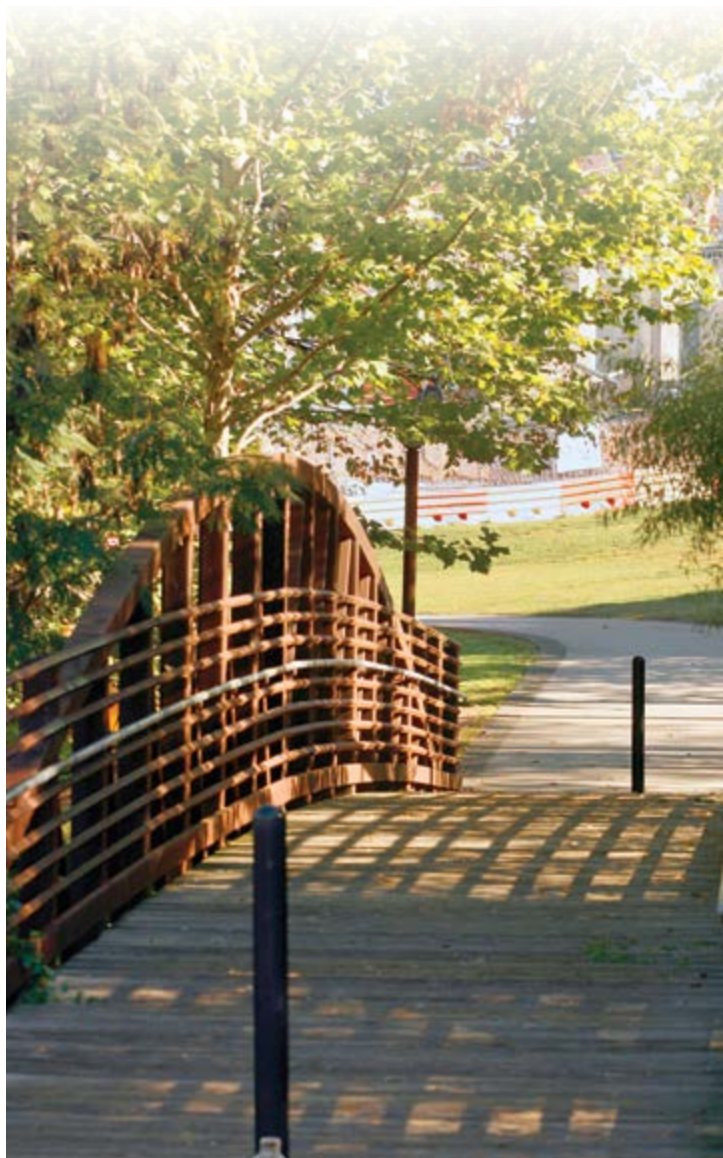
Bonds: A debt obligation, or a written promise to pay back an amount plus interest by way of periodic payments within a specified period of time. The issuance of all City bonds is made in accordance with the provisions of N.C. General Statutes and with the approval of the Local Government Commission (LGC).

General Obligation Bonds (GOs): The City may borrow money from lenders, pledging the full faith and credit of the City to pay the loan through tax revenue. The method requires both the approval of voters through the referendum process and the approval of the LGC.

Certificates of Participation (COPs)/Limited Obligation Bonds (LOBs): Alternative financing method, requiring no voter approval. The City may issue COPs and LOBs for building or equipment using the building or equipment to secure the financing.

Installment Purchase Contract: A contract that is used to procure supplies or equipment from a contractor where payment for the supplies or equipment is made in a set of installment payments over a fixed period of time in accordance with the provisions of the contract, and in which the contractor agrees to deliver title of the property to the City in accordance with the terms and conditions of the contract.

True Interest Cost (TIC): A method used to select the lowest effective interest cost bid in competitive bid sales. TIC is the internal rate of return that will be paid by the issuer to investors. TIC takes into account the time value of money and it is generally the most accurate measure of the issuer's true cost of borrowing.



The City of Durham's Budget

Each year, the City adopts its annual operating budget, which allocates limited dollars to the highest community priorities. The City's budget is comprised of two major parts: the General Fund and the various Enterprise Funds. The General Fund is financed primarily by property and sales tax revenues and supports core services, such as public safety. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, such as the Water and Sewer Fund. The total budget for FY 2015-16 is \$388.2 million compared to \$389.9 million for FY 2014-15, a decrease of .4 percent. The budget includes a General Fund budget of \$171.8 million compared to \$175.0 million for last year, a decrease of 1.8 percent (\$3.2 million). As displayed in the table and chart on the next page, public safety received the largest share of General Fund appropriations (\$86.3 million or 50.2 percent), followed by public services (\$41.9 million or 24.4 percent).

Other than looking at spending by major function, there is another way to look at spending and that is by the class of the expenditures. From this perspective, as displayed on the chart on the next page, personal services received the largest share of General Fund appropriations (\$134.2 million or 78.1 percent), followed by operating expenses (\$31.8 million or 18.5 percent), and all other expenses (\$5.8 million or 3.4 percent).

This tax rate for this year's budget remained unchanged at 59.12 cents per \$100 of assessed property value. This year's tax rate of 59.12 cents is allocated as follows: 35.38 cents for General Fund operations; 13.02 cents for debt; 5.85 cents for solid waste; 3.87 cents for transit; and, 1.0 cent for housing. The chart on this page displays the allocation of the property tax.

Within the Water and Sewer Fund, user rates effectively support both water and sewer operations, capital needs, and increased infrastructure debt service costs. Increases for water and sewer volume charges and service charges were approved for FY 2015-16 to support the Capital Improvement Program projects planned for compliance and rehabilitation in the next several years. The total rate increase for the average customer is approximately 3 percent.

Definitions of the Major Functions in the General Fund

The **Public Safety** function includes the following departments: Emergency Communications, Emergency Management, Fire, and Police.

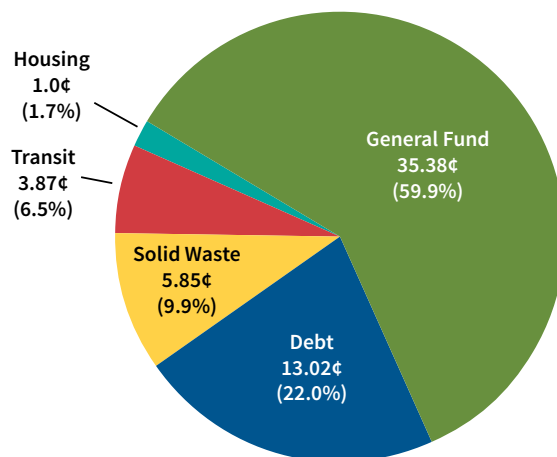
Public Services includes: Fleet Management, General Services, Parks and Recreation, Public Works, and Transportation.

Community Building includes: City/County Inspections, City/County Planning, Community Development, Economic Development, and Neighborhood Improvement Services.

Administrative and Support includes: Audit Services, Budget and Management Services, Equal Opportunity and Equity Assurance, Finance, Human Resources, and Technology Solutions.

Governance includes: City Council, City Attorney, City Clerk, and City Manager.

FY 2015-16 Property Tax Rate



**Total Property Tax Rate Equals
59.12¢ Per \$100 Assessed Value**

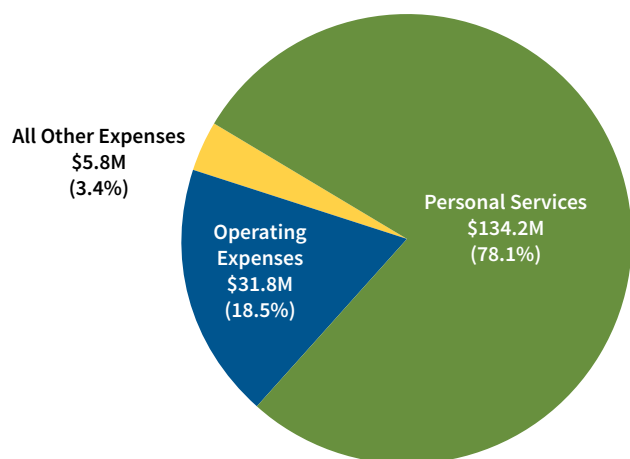
Major Functions Funded in the Budget

Year ended June 30 (Amounts in Millions)

Budget Ordinance	Adopted FY 2014-15	Adopted FY 2015-16	Percent Change
Public Safety	\$84.4	\$86.3	2.3%
Public Services	51.9	41.9	-19.3%
Community Building	16.6	17.0	2.4%
Administrative and Support	14.9	15.3	2.7%
Governance	5.9	6.4	8.5%
Non-Assigned	1.3	4.9	276.9%
Total General Fund	\$175.0	\$171.8	-1.8%

Budgeted Appropriations by Class

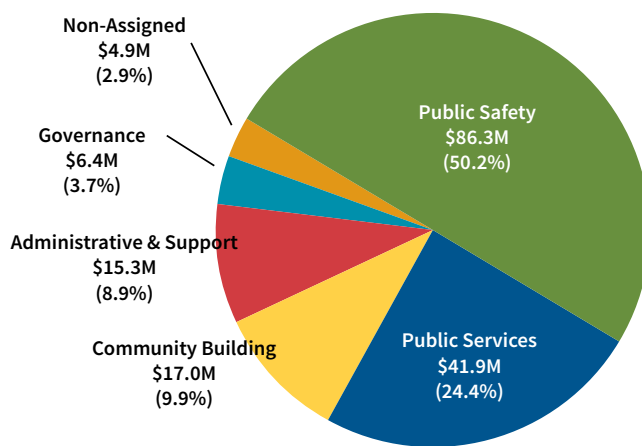
Adopted FY 2015-16



Total General Fund Appropriations Equal \$171.8 Million

Major Functions Funded in the Budget

Adopted FY 2015-16



Total General Fund Appropriations Equal \$171.8 Million



Why Durham: The History Hub

Katie Spencer & Cindy Gardiner,

Co-directors of the Museum of Durham History

The Museum of Durham History is a 21st-century museum that uses stories about people, places, and things to foster curiosity, encourage further inquiry, and promote an understanding of diverse perspectives about the Durham community and its history. In October 2013, the Museum established a physical venue, the History Hub, at 500 W. Main St. Thanks to the City of Durham and broad-based community support, the Hub is open Tuesday – Saturday and has no admission charge.

We like Durham because Durham is home. Exhibits at the History Hub—from healthcare to music to desegregation—highlight the people who created Durham’s heritage and defined its spirit. Hub events bring together residents old and new to discover more about their mutual hometown.

The Museum is a very Durham concept and embodies Durham’s values:

- Durham supports new ideas: City Government saw the potential in a vacant bus station; residents pitched in to help create the History Hub.
- Durham is civically engaged: Residents are building this Museum. In 2014-15, volunteers donated 4,847 hours as front desk staff, exhibit curators, and community historians. That’s a contribution worth \$101,980 according to the Corporation for National & Community Service.
- Durham is innovative: Our new Museum has received national recognition from CBS Evening News, BBC America, and The Museum Group.

The stories we share at the Hub are told by and about Durham’s diverse community. Volunteers curate the rotating Our Bull City

exhibits, which have focused on eminent historian John Hope Franklin, groundbreaking photographer Hugh Mangum, and legendary basketball coach John McLendon, among others. Each quarter, Durham A-Z explores a different, little-known facet of Durham, from bricks to denim to ESP. Sunday afternoon “pop-up museums” invite residents to raid their attics for artifacts and share stories around a theme, such as “Tools of the Trade” or “Durham’s Jewish Life.” In the Story Room, visitors record memories or nuggets of family lore and contribute to Durham’s digital archives.

At the History Hub, we enjoy meeting neighbors, and we like bragging a little to out-of-towners. After all, Durham’s fascinating history gives us a lot to be proud. More than 14,974 visitors have come through the Hub’s doors since we opened in October 2013, and they like what they see. Nationally, museum visitors speed through exhibits in an average of three minutes per 1,000 square feet of exhibit space (*Paying Attention*, Beverly Serrell). Hub visitors pause, dwell, and reflect for 27 minutes on average. What’s more, one in four local visitors to the Hub has come for the second time.

In tone and in substance, the Hub reflects its Durham home – welcoming, informal, and with something to learn just around the corner.



Why We Like Full Frame *Tom Whiteside, Founding Director, Durham Cinematheque*

The Full Frame Documentary Film Festival is one of my favorite events in Durham. Held over four days in early April every year since 1998, Full Frame is not only one of the best film festivals dedicated solely to the documentary form, it was one of the first. Others have followed (True/False and AFI DOCS come to mind) but once again Durham was ahead of the curve. Known to filmmakers and audiences alike as a friendly festival, Full Frame keeps the focus on high quality filmmaking, open dialogue, and audience engagement. For a big festival it is relatively easy to navigate, with efficient logistics and a relaxed vibe that allows the opportunity for strangers to strike up conversations in line – yes, there are lines! (Most shows are completely full.) These conversations are central to the Full Frame experience, often leading to new friendships and insights. Documentary deals with the truth, it is not always easy; being able to discuss it is important.

In addition to new documentaries in competition, every year there is a Career Tribute with a review of work by a deserving filmmaker as well as a Thematic Program selected by a guest curator. These two components add depth and resonance to the programming. Although plenty of documentary “stars” attend, unlike larger festivals where documentary takes a backseat to fiction films there is no red carpet hype at Full Frame. If your world gets rocked at this festival it is probably because you connected on a personal level with a powerful work of art, not because you happened to see somebody famous.

One thing that contributes to Full Frame’s success is the venue, downtown Durham itself. More than 100 films are screened in a compact, comfortable setting. The Carolina Theatre and the Durham Convention Center form the hub, with the Durham Arts Council, American Tobacco Campus, and Durham Central Park hosting important events as well. Everything is in easy walking distance, including restaurants, bars, and hotels. Technical presentation on the screen is top notch, world class. A superb team of Full Frame volunteers run things smoothly and help attendees feel at home. From Thursday morning until Sunday night, audiences spill out into the plaza at staggered intervals, squinting in the sunlight and lining up for food and coffee while discussing their last film. Nobody gets to see everything, but as your new friend cannot stop talking about how wonderful her last film was, you probably are hoping that it wins an award so you will get an opportunity to see it at one of the encore screenings Sunday afternoon.

Full Frame is now more than a four day event, with year-round programs at the Full Frame Theater at American Tobacco and throughout the region as part of the Full Frame Road Show. During the summer months high school students make their own films under expert tutelage in the School of Doc. For the locals who nurture a rich and diverse documentary culture and for the out-of-towners who come back year after year just for the festival, Full Frame leads the way in making Durham a very special spot on the documentary map.



Images courtesy of Full Frame



DATA, the Durham Area Transit Authority, is now GoDurham. The City's transit provider got a new look and a new name when it joined the GoTransit family of services in March 2015. The rebranding effort comes after years of working with area transit agencies to align their services, making travel throughout the Triangle seamless.

DURHAM



1869
CITY OF MEDICINE

Durham is a colorful, creative, and entrepreneurial community that continuously earns accolades as one of the best places to live, work, and play.

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About the cover art: "Durham, North Carolina" by Bruce Mitchell, an artist living and working near downtown, painting scenes in and around the Triangle area.

Photo credits: City of Durham Office of Public Affairs